



Plaintiff United States Securities and Exchange Commission (“SEC” or “Commission”), for its First Amended Complaint against individual defendants Alda Ltd. (“Alda”), Creative Empire Global Ltd. (“Creative Empire”), Anthony Gary Dark (“Dark”), Endeso, Ltd. (“Endeso”), David Isaac Etedgui (“Etedgui”), Nacim Ould Kaddour (“Kaddour”), David Morris Kelly (“Kelly”), Muhammad Ammar Khan (“Kahn”), Jeffrey Robert Lewis (“Lewis”), Lotus Trading SAL Holding (“Lotus”), Kashif Qadri (“Qadri”), and Chaudhry Muhammad Zeeshan (“Zeeshan”) (collectively, “Defendants”) alleges as follows:

### **SUMMARY OF THE ACTION**

1. This is an insider trading case involving the purchase and sale of the securities of Fortress Investment Group LLC (“Fortress”), a company headquartered in New York whose shares of common stock are traded on the New York Stock Exchange (“NYSE”). Fortress is an investment management firm that services institutional and individual investors.

2. The market event at the core of this case is the announcement of Fortress’s acquisition by SoftBank Group Corp. (“SoftBank”). After the U.S. markets closed on Tuesday, February 14, 2017, Japan-based Softbank announced that it had entered into a definitive merger agreement to acquire

Fortress for approximately \$3.3 billion in cash (“the Announcement”).

According to the Announcement, Fortress shareholders would receive \$8.08 per share, which represented a premium of 30% over Fortress’s February 14th closing price of \$6.21.

3. In the days preceding the Announcement, Defendants, who are foreign traders trading through foreign accounts, amassed large, speculative positions in Fortress stock through derivative securities known as contracts for difference (“CFD”) and spread bets. Both CFDs and spread bets allow traders to speculate in the movement of an equity security on margin and thus require only a small outlay of cash to take large positions betting on the movement of the underlying security. However, if the underlying security moves in the direction opposite to the position taken by the CFD or spread bet trader, the trader must have sufficient funds to pay the entire amount of the losses on the bet.

4. Defendants purchased Fortress CFDs and/or and made spread bets on Fortress stock through foreign brokerage firms. These firms hedged their exposure by (i) purchasing Fortress shares on the NYSE through domestic brokerage firms; or (ii) purchasing CFDs or placing orders for Fortress shares

through other foreign brokerage firms, which in turn purchased Fortress shares on the NYSE through domestic brokerage firms.

5. Defendants took “long” positions in Fortress through their CFD trading and/or spread bets, meaning that their investments in these derivative securities had the potential to appreciate substantially if there was a sudden upward movement of Fortress’s stock price.

6. Seemingly on cue, the Announcement was made the day of (or, in some cases, a day or two after) Defendants made their purchases. As a result of the Announcement, Fortress’s share price increased substantially, from a close of \$6.21 on February 14th to a close of \$7.99 on February 15th. The purchases of Fortress shares on the NYSE that resulted from Defendants’ February 14, 2014 CFD purchases and spread bets comprised a suspiciously high percentage of the total trading volume of Fortress stock on that day, nearly 20%. The Announcement also caused a dramatic rise in Fortress’s trading volume, which increased by 1,672% from February 14th (8,547,319 shares traded) to February 15th (151,447,966 shares traded).

7. Defendants promptly closed their CFD and spread bet positions on February 15, 2017, for profits in excess of \$3.8 million. Thus, Defendants

timed their trading around the Fortress Announcement perfectly and made lottery-like profits virtually overnight.

8. The timing, size and profitability of Defendants' Fortress trades are highly suspicious. One Defendant, Khan, began purchasing Fortress CFDs on February 10, 2014. Based on information obtained from Fortress, the SoftBank acquisition had been in discussions since December 2016, and was initially expected to be finalized over the weekend of February 10-12, 2017. In fact, Fortress's board had been tentatively scheduled to approve the transaction on February 12th. However, due to several unresolved issues, the transaction was not considered by Fortress's board on February 12th and the consummation of the deal was in serious doubt at that time, due to the unresolved issues that rose on the 12th. Then, at 5:45 p.m. on February 13th (i.e., after trading closed that day), Fortress's board received notice of a February 14th meeting regarding the acquisition. On February 14th, Fortress's board of directors received an email at 11:02 am that included draft resolutions approving the transaction. The remaining Defendants began purchasing Fortress CFDs and or making spread bets in the hours following this email.

9. The confidential information about the Fortress acquisition was closely held, and both Fortress and SoftBank took all reasonable steps to

maintain the confidentiality of that information. Moreover, the pool of potential tippers in this case is limited. It includes Board members, officers and certain “need to know” employees within Fortress and SoftBank, as well as the partners, investment bankers, attorneys, accountants and public relations firms engaged by those two entities. For Fortress, the pool includes certain employees of:

- Morgan Stanley (American investment bank);
- Davis Polk & Wardwell LLP (American law firm);
- Legance (Italian law firm);
- Maples and Calder (Cayman Islands law firm);
- Paul, Weiss, Rifkind, Wharton & Garrison LLP (American law firm);
- Evercore Group, LLC (American investment bank);
- Debevoise & Plimpton LLP (American law firm);
- Gasthalter & Co. (American public relations firm);
- Ernst & Young LLP (American accounting firm);
- Skadden Arps Slate Meagher & Flom LLP (American law firm); and
- Willkie Farr & Gallagher (American law firm).

For SoftBank, the pool includes certain employees of:

- J. P. Morgan Securities LLC (American investment bank);

- F.A.B. Partners (British capital firm; originally partnered with SoftBank in Fortress acquisition, but withdrew before the deal was finalized);
- Kirkland & Ellis LLP (American law firm);
- KPMG, LLP (American accountant firm);
- Linklaters LLP (British law firm);
- Mizuho Securities (Japanese investment bank);
- Sard Verbinen & Co. (American public relations firm)
- Morrison & Foerster LLP (American law firm); and
- Weil, Gotshal & Manges LLP (American law firm).

10. Upon information and belief, tipper(s) from this pool provided this highly confidential information to Defendants in breach of a fiduciary duty to the companies involved, or another individual misappropriated the information from an individual in the pool in violation of a fiduciary duty to an insider. Defendants were thus tipped material, nonpublic information about SoftBank's impending acquisition of Fortress in advance of their trading in Fortress CFDs and spread bets. Upon information and belief, Defendants made their purchases of Fortress stock based on this material, nonpublic information.

11. This is not the first or last time that Defendants have benefited from such perfect timing. As set out below, overlapping groups of Defendants, trading in parallel, have engaged in repeated, highly suspicious patterns of buying securities shortly prior to a major corporate announcement and then selling shortly thereafter for an enormous profit.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

12. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78u(d). The Commission seeks permanent injunctions against the Defendants, enjoining them from engaging in the transactions, acts, practices, and courses of business alleged in this First Amended Complaint, disgorgement of all ill-gotten gains from the unlawful insider trading activity set forth in this First Amended Complaint, together with prejudgment interest, and civil penalties pursuant to Section 21A of the Exchange Act, 15 U.S.C. § 78u-1. The Commission seeks any other relief the Court may deem appropriate pursuant to Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78u(d)(5).

## **JURISDICTION AND VENUE**

13. This Court has subject matter jurisdiction pursuant to Sections 21(d), 21(e), 21A and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(e), 78u-1, and 78aa]. The Defendants have directly or indirectly made use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices, transactions, and courses of business alleged in this Complaint.

14. Venue in this District is proper pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the District of New Jersey and elsewhere, and were affected, directly or indirectly, by making use of the means or instruments or instrumentalities of transportation or communication in interstate commerce, or of the mails, or the facilities of a national securities exchange. During the relevant period, securities transactions related to this matter were executed on servers located in New Jersey, including those operated by NYSE in Mahwah, New Jersey.

15. Venue also lies in this Court pursuant to 28 U.S.C. § 1391(c)(3) because the Defendants do not reside in the United States.

## DEFENDANTS

16. **Alda** is an entity or d/b/a located in Belize City, Belize. Upon information and belief, Alda is beneficially owned and controlled by **Qadri**, a Danish citizen who currently resides in Dubai, UAE.

17. Alda purchased and sold Fortress securities between February 14 and 15, 2017, from which it made approximately \$281,000 in gross profit.

18. Upon information and belief, Qadri caused Alda to make these trades on the basis of a tip of material nonpublic information.

19. **Creative Empire** is an entity incorporated in the Republic of Seychelles and also has a location in Hong Kong. Creative Empire is beneficially owned and controlled by **Ettedgui**, a French citizen, age 34, who is believed to currently reside in Paris, France.

20. Creative Empire purchased and sold Fortress securities between February 14 and 15, 2017, from which it made approximately \$1,443,000 in gross profit.

21. Upon information and belief, Ettedgui caused Creative Empire to make these trades on the basis of a tip of material nonpublic information.

22. **Endeso** is an entity incorporated in the Republic of the Marshall Islands. Endeso is beneficially owned and controlled by **Zeeshan**. Zeeshan, age 39, is a citizen of Denmark, who currently resides in Dubai, UAE.

23. Endeso purchased and sold Fortress securities between February 14 and 15, 2017, from which it made approximately \$186,000 in gross profit.

24. Upon information and belief, Zeeshan caused Endeso to make these trades on the basis of a tip of material nonpublic information.

25. **Lotus** is an entity incorporated in Lebanon. Lotus is beneficially owned and controlled by **Kaddour**, age 38, a U.S. citizen who currently resides outside of the United States.

26. Lotus purchased and sold Fortress securities between February 14 and 15, 2017, from which it made approximately \$854,000 in gross profit.

27. Upon information and belief, Kaddour caused Lotus to make these trades on the basis of a tip of material nonpublic information.

28. **Dark**, age 45, is a citizen and resident of the United Kingdom. Dark purchased and sold Fortress securities between February 14 and 15, 2017, from which he made approximately \$6,000 in gross profit.

29. Upon information and belief, Dark made these trades on the basis of a tip of material nonpublic information.

30. **Khan**, age 32, is a citizen of Pakistan who currently resides in Dubai, UAE. Khan purchased and sold Fortress securities between February 10 and 15, 2017, from which he made approximately \$753,000 in gross profit.

31. Upon information and belief, Khan made these trades on the basis of a tip of material nonpublic information.

32. **Kelly**, age 49, is a citizen of and currently resides in the United Kingdom. Kelly purchased and sold Fortress securities between February 14 and 15, 2017, from which he made approximately \$3,600 in gross profit.

33. Upon information and belief, Kelly made these trades on the basis of a tip of material nonpublic information.

34. **Lewis**, age 48, is a citizen of the United Kingdom who currently resides in Dubai, UAE. Lewis purchased and sold Fortress securities between February 14 and 15, 2017, from which he made approximately \$313,000 in gross profit.

35. Upon information and belief, Lewis made these trades on the basis of a tip of material nonpublic information.

#### **OTHER RELEVANT ENTITIES**

36. **Fortress** is a New York Limited Liability Company with its headquarters in New York, New York. Fortress is a highly diversified global

investment manager with \$69.6 billion of assets under management as of December 31, 2016. Fortress offers a range of alternative and traditional investment strategies for institutional and private investors. Fortress's stock is traded on the NYSE under the ticker symbol FIG. On February 14, 2017, Fortress agreed to be acquired by SoftBank in a \$3.3 billion cash transaction.

37. **Softbank** is a Japanese multinational telecommunications and Internet technology holding company headquartered in Tokyo, Japan. SoftBank has operations in broadband, fixed-line telecommunications, e-commerce, Internet, technology services, finance, media and marketing, semiconductor design, and other businesses. On February 14, 2017, SoftBank agreed to acquire Fortress for approximately \$3.3 billion.

38. **R.J. O'Brien Ltd.** ("RJO Ltd.") is a United Kingdom-based brokerage firm through which Defendants Creative Empire, Endeso, Dark, Kelly, Khan, and Lewis traded in CFDs and spread bets referencing Fortress shares. RJO Ltd. hedged its exposure on these transactions by simultaneously trading the referenced number of Fortress shares on the NYSE.

39. **Maybank Kim Eng. Securities Pte. Ltd.** ("Maybank") is a Singapore-based brokerage firm through which Defendant Creative Empire traded in CFDs referencing Fortress shares. Maybank hedged its exposure on

these transactions by simultaneously trading the referenced number of Fortress shares on the NYSE.

40. **Valbury Capital Ltd.** (“Valbury”) is a United Kingdom-based brokerage firm through which Defendant Alda traded in CFDs referencing Fortress shares. Valbury hedged its exposure on these transactions by simultaneously trading in CFDs referencing the same number of Fortress shares through an account at Maybank. Maybank, in turn, hedged its exposure on these transactions by simultaneously trading the referenced number of Fortress shares on the NYSE.

41. **Fidus SAL** (“Fidus”) is a Lebanese-based brokerage firm through which Defendant Lotus traded in CFDs and/or spread bets referencing Fortress shares. Fidus hedged its exposure on these transactions by simultaneously trading in CFDs and/or spread bets referencing the same number of Fortress shares through an account at Maybank. Maybank, in turn, hedged its exposure on these transactions by simultaneously trading the referenced number of Fortress shares on the NYSE.

## **FACTUAL ALLEGATIONS**

### **The Confidential, Nonpublic Nature of Fortress's Merger Discussions**

42. As a general matter, Fortress safeguards confidential information in several ways. For instance, as a matter of policy, all Fortress employees must sign a Confidentiality and Proprietary Rights Agreement, which restricts the use and disclosure of Fortress's confidential proprietary information.

43. Fortress also maintains a Public Company Insider Trading Compliance Policy that outlines the company's policies on insider trading and blackout periods. Among other things, this policy prohibits Fortress employees from trading in Fortress securities while in possession of material non-public information. Furthermore, the policy prohibits trading in any Fortress securities at any time other than when Fortress's Legal and Compliance Department announces that it is permissible to trade in Fortress securities. The trading window on Fortress securities was closed for the duration of its merger negotiations with SoftBank.

44. In November 2016, Fortress prepared a "Public Company Insider Trading Compliance Policy" that was disseminated to Fortress employees—each of whom was required to certify that they had received, read and agreed to comply with the policy.

45. Fortress's overall Compliance Manual also contains an insider trading policy. This policy also generally prohibits employees from trading securities while in possession of material non-public information or improperly communicating that material non-public information to others. It further provides that employees must abstain from transacting in the securities of any issuer that has been placed on a restricted trading list. The Compliance Manual is sent to employees on an approximately annual basis (last distributed in November 2016), and employees must certify that they have received, read and agreed to comply with its provisions. In addition, employees certify their adherence to the Compliance Manual as part of their quarterly trading reports.

46. Fortress took several steps to maintain the confidentiality of its negotiations with Softbank. On December 7, 2016, Fortress entered into a confidentiality agreement with SoftBank's financial advisor, F.A.B. Partners, and SoftBank agreed to the same terms the next day. In addition, communications among the project team referenced the negotiations with a code name—Project Foundation.

47. In addition, Fortress limited the dissemination of information about Project Foundation to individuals who had a business reason to know. This process was administered by Fortress's General Counsel, who decided which

Fortress employees would be made aware of Project Foundation, and who delivered verbal warnings about confidentiality, either directly or through a designee, to employees who were granted such access.

48. Fortress also utilized procedures to safeguard the confidentiality of Project Foundation outside the company. For instance, during the summer and fall of 2016, Fortress and its financial advisor had discussions with four potential buyers: Party A, Party B, Party C and SoftBank (as represented by its financial advisor, F.A.B. Partners). In November and December 2016, three of these companies—Party A, Party B and SoftBank—executed confidentiality agreements with Fortress.

49. Among other things, the confidentiality agreements (i) restricted the use of Fortress's confidential information unless this use was for the purpose of evaluating a potential transaction with Fortress, (ii) required that the information be kept confidential, and (iii) prohibited its disclosure to third parties. Following the execution of the confidentiality agreements, Fortress provided each potential acquirer certain due diligence information, including certain projected financial information. Preliminary discussions with Party C were discontinued when that company declined to enter into a confidentiality agreement with Fortress.

### **The Confidential, Nonpublic Nature of SoftBank's Merger Discussions**

50. SoftBank also took significant precautions to safeguard its confidential discussions relating to the possibility of acquiring Fortress, in addition to the confidentiality agreement with Fortress it agreed to on December 8, 2016.

51. Following the same strategy as Fortress, in order to preserve the confidentiality of the potential transaction, those with knowledge of the negotiations, both within SoftBank and among the employees of SoftBank's agents hired in connection with the deal, used the code name Project Foundation when referring to the transaction.

52. Like Fortress, SoftBank also has insider trading policies and procedures that outline the company's prohibition on insider trading and its blackout periods. This policy prohibits any individual from trading in the securities of the company if the individual has material, nonpublic information.

53. In addition, SoftBank has a separate set of "Rules on Prevention of Insider Trading," which requires SoftBank and its subsidiaries to have systems in place to prevent insider trading, including a system to properly manage and safeguard material information. It also requires that each employee and officer

undergo training on the rules and on insider trading generally that is designed to fully inform them of the importance and purpose of compliance.

54. Under SoftBank company policy, every employee and officer of SoftBank is required to review the insider trading policy and certify their understanding of, and intent to comply with, the insider trading policy.

### **The Announcement and the Market Reaction**

55. After the market closed on February 14, 2017, Softbank announced that it had entered into a definitive agreement to acquire Fortress for \$3.3 billion in cash.

56. Under the terms of the agreement, Softbank would pay \$8.08 per share, a premium of 38.6% over Fortress's closing price on February 13, 2017.

57. Fortress, whose shares closed at \$6.21 on February 14, 2017, closed at \$7.99 on February 15, 2017.

### **Suspicious Trading in Fortress**

#### **Alda (Qadri)**

58. On February 14, 2017, Alda, at the direction of Qadri, acquired CFDs referencing 150,000 shares of Fortress stock through orders placed with Valbury. The total purchase price of the 150,000 referenced shares was \$911,416.50.

59. Alda began acquiring its CFD positions at 12:31 p.m. EST.

60. On February 15, 2017, Alda, at the direction of Qadri, closed its position on all of the Fortress CFDs it acquired on February 14, 2017. The total sales price of the 150,000 referenced shares was \$1,192,500.

61. Valbury hedged its exposure to Alda on these CFD trades by making corresponding trades in Fortress securities through Maybank. Maybank, in turn, traded in Fortress stock on the NYSE, purchasing 150,000 Fortress shares on February 14, 2017, and selling those 150,000 shares on February 15, 2017.

62. As a result of its timely trading in Fortress CFDs, Alda reaped \$281,083.50 in gross profit.

63. Upon information and belief, Qadri was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire Fortress at a substantial premium over the stock price at the time Alda made the Fortress CFD purchases alleged in this Complaint.

#### **Creative Empire (Ettedgui)**

64. On February 14, 2017, Creative Empire, at the direction of Ettedgui, acquired CFDs referencing 400,000 shares of Fortress stock through

orders placed with RJO Ltd. The total purchase price of the 400,000 referenced shares was \$2,488,044.38.

65. Creative Empire began acquiring its CFD positions from RJO Ltd. at 11:27 a.m. EST.

66. On February 15, 2017, Creative Empire, at the direction of Ettetdgui, closed its position on all of the Fortress CFDs it acquired from RJO Ltd. on February 14, 2017. The total sales price of the 400,000 referenced shares was \$3,180,329.00.

67. RJO Ltd. hedged its exposure to Creative Empire on these CFD trades by trading in Fortress stock on the NYSE, purchasing 400,000 Fortress shares on February 14, 2017, and selling those 400,000 shares on February 15, 2017.

68. As a result of its timely trading in Fortress CFDs through RJO Ltd., Creative Empire reaped \$692,284.62 in gross profit.

69. On February 14, 2017, in addition to the trades at RJO Ltd., Creative Empire, at the direction of Ettetdgui, also acquired CFDs referencing 400,000 shares of Fortress stock through orders placed with Maybank. The total purchase price of the 400,000 referenced shares was approximately \$2,430,793.

70. Creative Empire began acquiring its CFD positions from Maybank at 11:22 a.m. EST.

71. On February 15, 2017, Creative Empire, at the direction of Ettetdgui, closed its position on all of the Fortress CFDs it acquired from Maybank on February 14, 2017. The total sales price of the 400,000 referenced shares was \$3,181,300.

72. Maybank hedged its exposure to Creative Empire on these CFD trades by trading in Fortress stock on the NYSE, purchasing 400,000 Fortress shares on February 14, 2017, and selling those 400,000 shares on February 15, 2017.

73. As a result of its timely trading in Fortress CFDs through Maybank, Creative Empire reaped \$750,507 in gross profit.

74. Creative Empire's total gross profit on trading in Fortress CFDs through Maybank and RJO Ltd. between February 14 and 15, 2017 exceeded \$1.4 million.

75. Upon information and belief, Ettetdgui was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire Fortress at a substantial premium over the stock price at the time Creative Empire made the Fortress CFD purchases alleged in this Complaint.

**Endeso (Zeeshan)**

76. On February 14, 2017, Endeso, at the direction of Zeeshan, acquired CFDs referencing 100,000 shares of Fortress stock through orders placed with RJO Ltd. The total purchase price for the 100,000 referenced shares was \$609,080.46.

77. Endeso began acquiring its CFD positions from RJO Ltd. at 12:20 p.m. EST.

78. On February 15, 2017, Endeso, at the direction of Zeeshan, closed its position on all of the Fortress CFDs it acquired from RJO Ltd. on February 14, 2017. The total sales price of the 100,000 referenced shares was \$795,000.

79. RJO Ltd. hedged its exposure to Endeso on these CFD trades by trading in Fortress stock on the NYSE, purchasing 100,000 Fortress shares on February 14, 2017, and selling those 100,000 shares on February 15, 2017.

80. As a result of its timely trading in Fortress CFDs through RJO Ltd., Endeso reaped \$185,919.54 in gross profit.

81. Upon information and belief, Zeeshan was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire Fortress at a substantial premium over the stock price at the time Endeso made the Fortress CFD purchases alleged in this Complaint.

**Lotus (Kaddour)**

82. On February 14, 2017, Lotus, at the direction of Kaddour, acquired CFDs and/or placed spread bets referencing 500,000 shares of Fortress stock through orders placed with Fidus. The total purchase price for the 500,000 referenced shares was \$3,122,979.63

83. Lotus began acquiring its CFD and/or spread bet positions from Fidus at 1:22 p.m. EST.

84. On February 15, 2017, Lotus, at the direction of Kaddour, closed its position on all of the Fortress CFDs and/or spread bets it acquired from Fidus on February 14, 2017. The total sales price of the 500,000 referenced shares was \$3,976,500.

85. Fidus hedged its exposure to Lotus on these trades by making corresponding trades in Fortress securities through Maybank. Maybank, in turn, traded in Fortress stock on the NYSE, purchasing 500,000 Fortress shares on February 14, 2017, and selling those 500,000 shares on February 15, 2017.

86. As a result of its timely trading in Fortress CFDs and/or spread bets through Fidus, Lotus reaped \$853,520.37 in gross profit.

87. Upon information and belief, Kaddour was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire

Fortress at a substantial premium over the stock price at the time Lotus made the Fortress CFD purchases alleged in this Complaint.

**Dark**

88. On February 14, 2017, Dark placed spread bets referencing 3,500 shares of Fortress stock with RJO Ltd. The total purchase price for the 3,500 referenced shares was \$21,279.00.

89. Dark began making his spread bets with RJO Ltd. at 12:53 p.m. EST.

90. On February 15, 2017, Dark closed his Fortress spread bet position with RJO Ltd. The total sales price of the 3,500 referenced shares was \$27,674.85.

91. RJO Ltd. hedged its exposure to Dark on his spread bet by trading in Fortress stock on the NYSE, purchasing 3,500 Fortress shares on February 14, 2017, and selling those 3,500 shares on February 15, 2017.

92. As a result of his timely Fortress spread bets, Dark reaped \$6,395.85 in gross profit.

93. Upon information and belief, Dark was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire

Fortress at a substantial premium over the stock price at the time he made the purchases alleged in this Complaint.

**Kahn**

94. Between February 10 and February 14, 2015, Kahn acquired CFDs referencing 400,000 shares of Fortress stock through orders placed with RJO Ltd. The total purchase price for the 400,000 referenced shares was \$2,426,648.19.

95. On February 15, 2017, Kahn closed his position on all of the Fortress CFDs he acquired from RJO Ltd. The total sales price of the 400,000 referenced shares was \$3,180,000.00.

96. RJO Ltd. hedged its exposure to Kahn on these CFD trades by trading in Fortress stock on the NYSE, purchasing 400,000 Fortress shares between February 10 and 14, 2017, and selling those 400,000 shares on February 15, 2017.

97. As a result of his timely trading in Fortress CFDs through RJO Ltd., Kahn reaped \$753,351.81 in gross profit.

98. Upon information and belief, Kahn was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire

Fortress at a substantial premium over the stock price at the time he made the purchases alleged in this Complaint.

**Kelly**

99. On February 14, 2017, Kelly acquired CFDs referencing 2,000 shares of Fortress stock through orders placed with RJO Ltd. The total purchase price for the 2,000 referenced shares was \$12,185.50.

100. Kelly began acquiring his CFD positions from RJO Ltd. at 1:03 p.m. EST.

101. On February 15, 2017, Kelly closed his position on all of the Fortress CFDs he acquired from RJO Ltd. on February 14, 2017. The total sales price of the 2,000 referenced shares was \$15,788.

102. RJO Ltd. hedged its exposure to Kelly on these CFD trades by trading in Fortress stock on the NYSE, purchasing 2,000 Fortress shares on February 14, 2017, and selling those 2,000 shares on February 15, 2017.

103. As a result of his timely trading in Fortress CFDs through RJO Ltd., Kelly reaped \$3,602.50 in gross profit.

104. Upon information and belief, Kelly was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire

Fortress at a substantial premium over the stock price at the time he made the purchases alleged in this Complaint.

### **Lewis**

105. On February 14, 2017, Lewis acquired CFDs referencing 150,000 shares of Fortress stock through orders placed with RJO Ltd. The total purchase price for the 150,000 referenced shares was \$879,684.03.

106. Lewis began acquiring his CFD positions from RJO Ltd. at 9:30 a.m. EST.

107. On February 15, 2017, Lewis closed his position on all of the Fortress CFDs he acquired from RJO Ltd. on February 14, 2017. The total sales price of the 150,000 referenced shares was \$1,192,525.00.

108. RJO Ltd. hedged its exposure to Lewis on these CFD trades by trading in Fortress stock on the NYSE, purchasing 150,000 Fortress shares on February 14, 2017, and selling those 150,000 shares on February 15, 2017.

109. As a result of his timely trading in Fortress CFDs through RJO Ltd., Lewis reaped \$312,840.97 in gross profit.

110. Upon information and belief, Lewis was tipped and was in possession of material, nonpublic information about SoftBank's offer to acquire

Fortress at a substantial premium over the stock price at the time he made the purchases alleged in this Complaint.

### **Defendants' Suspicious Trading in Other Securities**

111. Defendants' perfectly-timed trading in Fortress securities is not the only time that Defendants have purchased securities in close proximity to an the announcement of a major corporate event that caused a significant rise in the security's price, allowing Defendants to make substantial profits on the subsequent sale of the security. In numerous instances, some or all Defendants have been "lucky" together through parallel trading activity. Examples of Defendants' trading in the securities of other issues are summarized in Paragraphs 112 through 212 below.

### **Intrum Justitia**

112. On November 14, 2016, European credit management services ("CMS") firm Intrum Justitia AB announced that it had agreed to acquire another European CMS company, Lindorff for SEK 17.9 billion. Intrum Justitia's stock price rose substantially on the announcement, increasing as much as 37% during trading on November 14, 2016, the biggest gain in its history as a public company.

113. As discussed in more detail below, defendants Alda (Qadri), Endeso (Zeeshan), Kahn, and Lewis traded shortly before Intrum Justitia's announcement and sold shortly thereafter, each reaping significant profits.

*Alda's Timely Trades in Intrum Justitia*

114. Four days before the announcement, on November 10, 2016, Alda purchased CFDs referencing 150,000 shares of Intrum Justitia stock through orders placed with Valbury. And between November 10 and 11, 2016, Alda also purchased CFDs referencing 65,000 shares of Intrum Justitia stock through orders placed with Saxo Bank, a brokerage firm in Denmark. The total purchase price for the 215,000 referenced shares was SEK 59,267,380.85.

115. On November 14, 2016, after the announcement that Intrum Justitia had agreed to acquire Lindorff, Alda closed its position on all of the Intrum Justitia CFDs it acquired from Valbury and Saxo Bank. The total sales price of the 215,000 referenced shares was SEK 70,129,486.30.

116. As a result of its timely trading in Intrum Justitia CFDs through RJO Ltd., Alda reaped SEK 10,862,105.45 (approximately \$1,190,150 USD) in gross profit.

*Endeso's Timely Trades in Intrum Justitia*

117. Also on November 10, 2016, Endeso purchased CFDs referencing 60,000 shares of Intrum Justitia stock through orders placed with RJO Ltd. The total purchase price for the 60,000 referenced shares was SEK 16,602,179.00.

118. On November 14, 2016, after the announcement that Intrum Justitia had agreed to acquire Lindorff, Endeso closed its position on all of the Intrum Justitia CFDs it acquired from RJO Ltd. The total sales price of the 60,000 referenced shares was SEK 19,702,800.00.

119. As a result of its timely trading in Intrum Justitia CFDs through RJO Ltd., Endeso reaped SEK 3,100,621 (approximately \$339,733 USD) in gross profit.

*Kahn's Timely Trades in Intrum Justitia*

120. Between November 10 and 11, 2016, Kahn purchased CFDs referencing 100,000 shares of Intrum Justitia stock through orders placed with RJO Ltd. The total purchase price for the 100,000 referenced shares was SEK 41,385,417.70.

121. Between November 14, 2016, after the announcement that Intrum Justitia had agreed to acquire Lindorff, and November 15, 2016, Kahn closed

his position on all of the Intrum Justitia CFDs he acquired from RJO Ltd. The total sales price of the 100,000 referenced shares was SEK 46,038,742.66.

122. As a result of his timely trading in Intrum Justitia CFDs through RJO Ltd., Kahn reaped SEK 4,653,324.96 (approximately \$509,862 USD) in gross profit.

*Lewis's Timely Trades in Intrum Justitia*

123. Between November 1 and 10, 2016, Lewis purchased CFDs referencing 20,000 shares of Intrum Justitia stock through orders placed with RJO Ltd. The total purchase price for the 20,000 referenced shares was SEK 5,519,585.10.

124. On November 14, 2016, after the announcement that Intrum Justitia had agreed to acquire Lindorff, Lewis closed his position on all of the Intrum Justitia CFDs he acquired from RJO Ltd. The total sales price of the 20,000 referenced shares was SEK 6,559,500.

125. As a result of his timely trading in Intrum Justitia CFDs through RJO Ltd., Lewis reaped SEK 1,039,914.90 (approximately \$113,943 USD) in gross profit.

## **Sky PLC**

126. On December 9, 2016, 21st Century Fox announced that it had offered to purchase the shares of Sky PLC (f/k/a British Sky Broadcasting), a British telecom company whose stock trades on the London Stock Exchange, for a price of GBP 10.75 per share. The announcement caused Sky PLC's shares to surge by almost 27% during trading on December 9, 2016.

127. As discussed in more detail below, defendants Alda (Qadri), Endeso (Zeeshan), and Kahn traded shortly before Sky PLC's announcement and sold shortly thereafter, each reaping significant profits.

### *Alda's Timely Trades in Sky PLC*

128. On December 9, 2016, prior to the announcement that 21st Century Fox had offered to acquire Sky PLC, Alda purchased CFDs referencing 89,760 shares of Sky PLC stock through orders placed with Valbury. The total purchase price for the 89,760 referenced shares was GBP 736,011.54.

129. On December 9, 2016, after the announcement, Alda closed its position on all of the Sky PLC CFDs it acquired from Valbury earlier that day. The total sales price of the 89,760 referenced shares was GBP 925,192.07.

130. As a result of its timely trading in Sky PLC CFDs through Valbury, Alda reaped GBP 189,180.53 (approximately \$238,934) in gross profit in less than a day of trading.

*Endeso's Timely Trades in Sky PLC*

131. On December 9, 2016, prior to the announcement that 21st Century Fox had offered to acquire Sky PLC, Endeso purchased CFDs referencing 86,311 shares of Sky PLC stock through orders placed with RJO Ltd. The total purchase price for the 86,311 referenced shares was GBP 711,032.94.

132. On December 9, 2016, after the announcement, Endeso closed its position on all of the Sky PLC CFDs it acquired from RJO Ltd. earlier that day. The total sales price of the 86,311 referenced shares was GBP 888,176.90.

133. As a result of its timely trading in Sky PLC CFDs through RJO Ltd., Endeso reaped GBP 177,143.97 (approximately \$223,732 USD) in gross profit in less than a day of trading.

*Kahn's Timely Trades in Sky PLC*

134. On December 9, 2016, prior to the 21st Century Fox announcement, Kahn purchased CFDs referencing 100,000 shares of Sky PLC stock through orders placed with RJO Ltd. The total purchase price for the 100,000 referenced shares was GBP 817,195.08.

135. On December 9, 2016, after the announcement that 21st Century Fox had offered to acquire Sky PLC, Kahn closed his position on all of the Sky PLC CFDs he acquired from RJO Ltd. earlier that day. The total sales price of the 100,000 referenced shares was GBP 1,026,048.49.

136. As a result of his timely trading in Sky PLC CFDs through RJO Ltd., Kahn reaped GBP 208,853.41 (approximately \$263,781 USD) in gross profit in less than a day of trading.

#### **Cynosure, Inc.**

137. On January 22, 2017, it was reported that Cynosure, Inc. (“Cynosure”), which manufactures lasers used in medical procedures, was exploring strategic options, including a sale, and that it had engaged financial advisers as it weighed its strategic options. The news caused Cynosure’s stock price to increase up to a high of \$49.65 during trading on January 23, 2017 (before closing at \$46.75), an increase of over 12% over Cynosure’s previous closing price of \$43.85 on January 20, 2017.

138. On February 14, 2017, before the opening of trading, Cynosure and Hologic, Inc. (“Hologic”) announced that Hologic had agreed to acquire all outstanding Cynosure shares for \$66 per share in cash. This announcement

caused Cynosure's stock to increase from a close of \$51.50 on February 13, 2017 to \$65.92 on February 14, 2017, an increase of almost 22%.

139. As discussed in more detail below, defendants Alda (Qadri), Endeso (Zeeshan), Kahn, Lewis, and Lotus (Kaddour) traded shortly before Cynosure's announcement and sold shortly thereafter, each reaping significant profits.

*Alda's Timely Trades in Cynosure*

140. Between December 28, 2016 and January 17, 2017, Alda purchased CFDs referencing 125,000 shares of Cynosure stock through orders placed with Valbury. The total purchase price for the 125,000 referenced shares was \$5,693,375.45.

141. On February 6, 2017, Alda closed its position on CFDs referencing 70,000 Cynosure shares, and on February 14, 2017, Alda closed its position on the remaining CFDs referencing 55,000 Cynosure shares. The total sales price of the 125,000 referenced shares was \$6,087,117.33.

142. As a result of its timely trading in Cynosure CFDs through Valbury, Alda reaped \$1,415,364.55 in gross profit.

*Endeso's Timely Trades in Cynosure*

143. Between December 28, 2016 and January 10, 2017, Endeso purchased CFDs referencing 100,000 shares of Cynosure stock through orders placed with RJO Ltd. The total purchase price for the 100,000 referenced shares was \$4,496,638.45.

144. On February 6, 2017, Endeso closed its position on CFDs referencing 30,000 Cynosure shares, and on February 14, 2017, Endeso closed its position on the remaining CFDs referencing 70,000 Cynosure shares. The total sales price of the 100,000 referenced shares was \$6,087,117.33.

145. As a result of its timely trading in Cynosure CFDs through RJO Ltd., Endeso reaped \$1,590,478.88 in gross profit.

*Kahn's Timely Trades in Cynosure*

146. Between December 29, 2016 and January 6, 2017, Kahn purchased CFDs referencing 135,000 shares of Cynosure stock through orders placed with RJO Ltd. The total purchase price for the 50,000 referenced shares was \$6,195,412.08.

147. Between January 23 and 30, 2017, Kahn closed his position on all of the Cynosure CFDs he acquired from RJO Ltd. The total sales price of the 135,000 referenced shares was \$6,418,098.43.

148. As a result of his timely trading in Cynosure CFDs through RJO Ltd., Kahn reaped \$222,686.45 in gross profit.

*Lewis's Timely Trades in Cynosure*

149. Between January 3 and 10, 2017, Lewis purchased CFDs referencing 50,000 shares of Cynosure stock through orders placed with RJO Ltd. The total purchase price for the 50,000 referenced shares was \$2,303,934.50.

150. On January 23, 2017, Lewis closed his position on all of the Cynosure CFDs he acquired from RJO Ltd. The total sales price of the 50,000 referenced shares was \$2,420,121.00.

151. As a result of his timely trading in Cynosure CFDs through RJO Ltd., Lewis reaped \$116,186.50 in gross profit.

*Lotus's Timely Trades in Cynosure*

152. Between December 28, 2016 and January 8, 2017, Fidus purchased CFDs referencing 26,882 shares of Cynosure stock through orders placed with Maybank. Upon information and belief, these trades are attributable to Lotus, in that they were made in the same account through which Lotus's Fortress CFD purchases were hedged by Fidus. The total purchase price for the 26,882 referenced shares was \$1,205,825.08.

153. On January 23, 2017, one day after Cynosure announced it was pursuing strategic options, Fidus closed its position on all of the Cynosure CFDs it acquired from Maybank between December 28, 2016 and January 8, 2017. The total sales price of the 26,882 referenced shares was \$1,289,669.24.

154. As a result of its timely trading in Cynosure CFDs through Maybank surrounding the January 23, 2017 report that Cynosure was exploring strategic options, Fidus reaped \$83,844 in gross profit.

155. Upon information and belief, Fidus's trading in Cynosure CFDs between December 28, 2016 and January 23, 2017 corresponds with and represents orders for the purchase and sale of Cynosure CFDs placed by Lotus with Fidus, either as a result of Fidus's hedging the trades placed by Lotus, or Lotus's trades themselves.

156. Between January 30, 2017 and February 13, 2017, Fidus purchased CFDs referencing 140,500 shares of Cynosure stock through orders placed with Maybank. Upon information and belief, these trades are attributable to Lotus, in that they were made in the same account through which Lotus's Fortress CFD purchases were hedged by Fidus. The total purchase price for the 140,500 referenced shares was \$6,957,427.70.

157. Fidus sold part of these CFDs prior to Cynosure announcing its acquisition, closing its position on CFDs referencing 102,256 of these shares between January 31, 2017 and February 13, 2017. The total purchase price of the CFDs on the remaining 38,244 Cynosure shares was \$1,906,011.84.

158. On February 14, 2017, after Cynosure announced its acquisition, Fidus closed its position on the CFDs referencing the remaining 38,244 Cynosure shares. The total sales price of the 38,244 referenced shares was \$2,513,969.

159. As a result of its timely trading in Cynosure CFDs through Maybank surrounding the February 14, 2017 announcement that Hologic had agreed to acquire Cynosure, Fidus reaped \$608,148.72 in gross profit on the Cynosure CFDs that it closed on February 14, 2017.

160. Upon information and belief, Fidus's trading in Cynosure CFDs between January 30, 2017 and February 14, 2017 corresponds with and represents orders for the purchase and sale of Cynosure CFDs placed by Lotus with Fidus, either as a result of Fidus's hedging the trades placed by Lotus, or Lotus' trades themselves.

### **Unilever N.V./PLC**

161. Early in the morning of February 17, 2017, before markets opened in Europe or the United States, the Financial Time's Alphaville blog reported that Kraft-Heinz had made an unsolicited offer to acquire consumer goods manufacturer Unilever N.V./PLC ("Unilever). Although it ultimately was reported that Unilever rejected the bid, the price of Unilever securities trading on the European and U.S. markets rose on the report.

162. As discussed in more detail below, defendants Alda (Qadri), Creative Empire (Ettedgui), Dark, Endeso (Zeeshan), Kahn, Kelly, Lewis, and Lotus (Kaddour) traded shortly before Unilever's announcement and sold shortly thereafter, each reaping significant profits.

#### *Alda's Timely Trades in Unilever*

163. Between February 15 and 16, 2017, Alda purchased CFDs referencing 166,000 shares of Unilever PLC stock through orders placed with Valbury. The total purchase price for the 166,000 referenced shares was GBP 5,495,254.08.

164. On February 17, 2017, Alda closed its position on all of the Unilever PLC CFDs it acquired from Valbury. The total sales price of the 166,000 referenced shares was GBP 6,000,096.41.

165. As a result of its timely trading in Unilever PLC CFDs through Valbury, Alda reaped GBP 504,842.34 (approximately \$630,023 USD) in gross profit.

*Creative Empire's Timely Trades in Unilever*

166. On February 15, 2017, Creative Empire purchased CFDs referencing 25,000 shares of Unilever PLC (ADR) and 50,000 shares of Unilever N.V. (ADR) through orders placed with RJO Ltd. The total purchase price for the 75,000 referenced shares was \$3,152,160.96.

167. On February 17, 2017, Creative Empire closed its position on all of the Unilever PLC (ADR) and Unilever N.V. (ADR) CFDs it acquired from RJO Ltd. The total sales price of the 75,000 referenced shares was \$3,457,581.

168. As a result of its timely trading in Unilever PLC (ADR) and Unilever N.V. (ADR) CFDs through RJO Ltd., Creative Empire reaped \$305,420.04 in gross profit.

*Dark's Timely Trades in Unilever*

169. On February 15, 2017, Dark placed spread bets referencing 2,000 shares of Unilever PLC stock through orders placed with RJO Ltd. The total purchase price for the 2,000 referenced shares was GBP 65,791.81.

170. On February 17, 2017, Dark closed his position on all of the Unilever PLC spread bets he had placed with RJO Ltd. The total sales price of the 2,000 referenced shares was GBP 69,430.77.

171. As a result of his timely trading in Unilever PLC spread bets through RJO Ltd., Dark reaped GBP 3,638.96 (approximately \$4,540 USD) in gross profit.

*Endeso's Timely Trades in Unilever*

172. On February 15, 2017, Endeso purchased CFDs referencing 150,000 shares of Unilever PLC stock through orders placed with RJO Ltd. The total purchase price for the 150,000 referenced shares was GBP 4,957,516.46.

173. On February 17, 2017, Endeso closed its position on all of the Unilever PLC CFDs it acquired from RJO Ltd. The total sales price of the 150,000 referenced shares was GBP 5,546,366.19.

174. As a result of its timely trading in Unilever PLC CFDs through RJO Ltd., Endeso reaped GBP 588,849.73 (approximately \$734,860 USD) in gross profit.

*Kahn's Timely Trades in Unilever*

175. On February 15, 2017, Kahn purchased CFDs referencing 200,000 shares of Unilever PLC stock through orders placed with RJO Ltd. The total purchase price for the 200,000 referenced shares was GBP 6,602,535.21.

176. On February 17, 2017, Kahn closed his position on all of the Unilever PLC CFDs he acquired from RJO Ltd. The total sales price of the 200,000 referenced shares was GBP 7,348,813.54.

177. As a result of his timely trading in Unilever PLC CFDs through RJO Ltd., Kahn reaped GBP 746,278.33 (approximately \$931,325 USD) in gross profit.

*Kelly's Timely Trades in Unilever*

178. Between February 15 and 16, 2017, Kelly purchased CFDs referencing 2,500 shares of Unilever PLC stock through orders placed with RJO Ltd. The total purchase price for the 2,500 referenced shares was GBP 82,803.40.

179. On February 17, 2017, Kelly closed his position on all of the Unilever PLC CFDs he acquired from RJO Ltd. The total sales price of the 2,500 referenced shares was GBP 84,050.

180. As a result of his timely trading in Unilever PLC CFDs through RJO Ltd., Kelly reaped GBP 1,246.60 (approximately \$1,554 USD) in gross profit.

*Lewis's Timely Trades in Unilever*

181. On February 15, 2017, Lewis purchased CFDs referencing 70,000 shares of Unilever PLC (ORD) through orders placed with RJO Ltd. The total purchase price for the 70,000 referenced shares was EUR 2,735,362.39.

182. On February 17, 2017, Lewis closed his position on all of the Unilever PLC (ORD) CFDs he acquired from RJO Ltd. The total sales price of the 70,000 referenced shares was EUR 2,920,330.99.

183. As a result of his timely trading in Unilever PLC (ORD) CFDs through RJO Ltd., Lewis reaped EUR 184,968.61 (approximately \$196,641 USD) in gross profit.

*Lotus's Timely Trades in Unilever*

184. Between February 15 and 16, 2017, Fidus purchased CFDs referencing 55,000 shares of Unilever PLC (ADR) through orders placed with Maybank. Upon information and belief, these trades are attributable to Lotus, in that they were made in the same account through which Lotus's Fortress

CFD purchases were hedged by Fidus. The total purchase price for the 55,000 referenced shares was \$2,328,715.50.

185. Fidus closed its position on CFDs referencing 15,000 of these shares on February 16, 2017. The total purchase price of the CFDs on the remaining 40,000 Unilever PLC (ADR) shares was \$1,696,183.75

186. On February 17, 2017, Fidus closed its position on the CFDs referencing the remaining 40,000 Unilever PLC (ADR) shares. The total sales price of the 40,000 referenced shares was \$1,884,539.50.

187. As a result of its timely trading in Unilever PLC (ADR) CFDs through Maybank, Fidus reaped \$188,355.76 in gross profit on the Unilever PLC (ADR) CFDs that it closed on February 17, 2017.

188. Upon information and belief, Fidus's trading in Unilever PLC (ADR) CFDs corresponds with and represents orders for the purchase and sale of Unilever PLC (ADR) CFDs placed by Lotus with Fidus, either as a result of Fidus's hedging the trades placed by Lotus, or Lotus' trades themselves.

### **Global Blood Therapeutics Inc.**

189. On March 8, 2017, during the trading day, Reuters reported that clinical-stage biopharmaceutical company Global Blood Therapeutics Inc. ("Global Blood Therapeutics") had been approached by insulin specialist and

blood disorder firm Novo Nordisk A/S to discuss a potential acquisition and that Global Blood Therapeutics was working with an investment bank to review its options. Global Blood Therapeutics' stock price rose substantially on the announcement, from a close of \$28.30 on March 7, 2017, to \$34.25 on March 8, 2017, an increase of over 17%.

190. As discussed in more detail below, Defendants Alda (Qadri), Creative Empire (Ettedgui), Dark, Endeso (Zeeshan), Kahn, Kelly, Lewis, and Lotus (Kaddour) traded shortly before Global Blood Therapeutics' announcement and, at least one defendant (Alda) sold shortly thereafter to reap significant profits. If the other defendants likewise sold, their potential profits (which are actionable under the federal securities laws) would likewise be lucrative.

*Alda's Timely Trades in Global Blood Therapeutics*

191. On February 10, 2017, Alda purchased CFDs referencing 100,000 shares of Global Blood Therapeutics stock through orders placed with Valbury. The total purchase price for the 100,000 referenced shares was \$2,095,984.

192. On March 8, 2017, Alda closed its position on all of the Global Blood Therapeutics CFDs it acquired from Valbury. The total sales price of the 100,000 referenced shares was \$3,306,403.

193. As a result of its timely trading in Global Blood Therapeutics CFDs through Valbury, Alda reaped \$1,210,419 in gross profit.

*Creative Empire's Timely Trades in Global Blood Therapeutics*

194. Between February 15 and 22, 2017, Creative Empire purchased CFDs referencing 110,000 shares of Global Blood Therapeutics stock through orders placed with RJO Ltd. The total purchase price for the 110,000 referenced shares was \$2,632,909.75.

195. If Creative Empire kept its Global Blood Therapeutics CFD positions with RJO open until after the publication of the Reuter's report on March 8, 2017, Creative Empire had potential profits of at least \$1,134,590.25 in connection with its timely trading in Global Blood Therapeutics securities through RJO Ltd.<sup>1</sup>

196. Creative Empire also traded in Global Blood Therapeutics CFDs through orders placed with Maybank. Between February 15 and 21, 2017, Creative Empire purchased CFDs referencing 151,913 shares of Global Blood Therapeutics stock through orders placed with Maybank. The total purchase price for the 151,913 referenced shares was \$3,760,776.81. Creative Empire

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<sup>1</sup> At this time, the Commission does not have possession of Defendants' RJO Ltd. trading activity data beyond February 27, 2017.

closed its position on CFDs referencing 30,000 of these shares on March 2, 2017.

197. If Creative Empire kept its remaining Global Blood Therapeutics CFD positions with Maybank open until after the publication of the Reuter's report on March 8, 2017, Creative Empire had potential profits of at least \$1,117,653.04 in connection with its timely trading in Global Blood Therapeutics securities through Maybank.<sup>2</sup>

198. Thus, Creative Empire's total potential profit resulting from its timely trading in Global Blood Therapeutics CFDs through RJO Ltd. and Maybank exceeds \$2,250,000.

*Dark's Timely Trades in Global Blood Therapeutics*

199. Between February 17 and 24, 2017, Dark opened spread bets referencing 2,500 shares of Global Blood Therapeutics stock with RJO Ltd. The total purchase price for the 2,500 referenced shares was \$65,284.25. Dark closed his position on spread bets referencing 1,000 of these shares on February 17, 2017.

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<sup>2</sup> At this time, the Commission does not have possession of Defendants' Maybank trading activity data beyond March 2, 2017.

200. If Dark kept his Global Blood Therapeutics spread bets referencing the remaining 1,500 shares open until after the publication Reuter's report on March 8, 2017, Dark had potential profits of at least \$12,290.75 in connection with his timely trading in Global Blood Therapeutics securities.

*Endeso's Timely Trades in Global Blood Therapeutics*

201. Between February 8 and 10, 2017, Endeso purchased CFDs referencing 200,000 shares of Global Blood Therapeutics stock through orders placed with RJO Ltd. The total purchase price for the 200,000 referenced shares was \$3,733,896.63.

202. If Endeso kept its Global Blood Therapeutics CFD positions open until after the publication of the Reuter's report on March 8, 2017, Endeso had potential profits of at least \$3,116,103.37 in connection with its timely trading in Global Blood Therapeutics securities.

*Kahn's Timely Trades in Global Blood Therapeutics*

203. Between February 7 and 13, 2017, Kahn purchased CFDs referencing 222,459 shares of Global Blood Therapeutics stock through orders placed with RJO Ltd. The total purchase price for the 222,459 referenced shares was \$4,077,497.18. Kahn closed his position on CFDs referencing 45,464 of these shares on February 27, 2017.

204. If Kahn kept his remaining Global Blood Therapeutics CFD positions open until after the publication of the Reuter's report on March 8, 2017, Kahn had potential profits of at least \$2,700,000 in connection with his timely trading in Global Blood Therapeutics securities.

*Kelly's Timely Trades in Global Blood Therapeutics*

205. Between February 17 and 22, 2017, Kelly purchased CFDs referencing 1,000 shares of Global Blood Therapeutics stock through orders placed with RJO Ltd. The total purchase price for the 1,000 referenced shares was \$26,762.50.

206. If Kelly kept his Global Blood Therapeutics CFD positions open until after the publication of the Reuter's report on March 8, 2017, Kelly had potential profits of at least \$7,487.50 in connection with his timely trading in Global Blood Therapeutics securities.

*Lewis's Timely Trades in Global Blood Therapeutics*

207. Between February 9 and 10, 2017, Lewis purchased CFDs referencing 59,270 shares of Global Blood Therapeutics stock through orders placed with RJO Ltd. The total purchase price for the 59,270 referenced shares was \$1,158,020.93. Lewis closed his position on CFDs referencing 15,000 of these shares on February 9, 2017.

208. If Lewis kept his remaining Global Blood Therapeutics CFD positions open until after the publication of the Reuter's report on March 8, 2017, Lewis had potential profits of at least \$694,559.65 in connection with his timely trading in Global Blood Therapeutics securities.

*Lotus's Timely Trades in Global Blood Therapeutics*

209. Between February 13 and 15, 2017, Fidus purchased CFDs referencing 170,000 shares of Global Blood Therapeutics stock through orders placed with Maybank. Upon information and belief, these trades are attributable to Lotus, in that they were made in the same account through which Lotus's Fortress CFD purchases were hedged by Fidus. The total purchase price for the 170,000 referenced shares was \$3,765,385.77.

210. Fidus closed its position on CFDs referencing 125,000 of these shares between February 21, 2017 and March 1, 2017.

211. If Fidus kept its remaining Global Blood Therapeutics CFD positions open until after the publication of the Reuter's report on March 8, 2017, Fidus had potential profits of at least \$561,648.86 in connection with its timely trading in Global Blood Therapeutics securities.

212. Upon information and belief, Fidus's trading in Global Blood Therapeutics CFDs between February 13, 2017 and March 1, 2017 (and

thereafter) corresponds with and represents orders for the purchase and sale of Global Blood Therapeutics CFDs placed by Lotus with Fidus, either as a result of Fidus's hedging the trades placed by Lotus, or Lotus' trades themselves.

### **CLAIM FOR RELIEF**

#### **Violations of Exchange Act Section 10(b) and Rule 10b-5 Promulgated Thereunder (Against All Defendants)**

213. Paragraphs 1 through 212 are re-alleged and incorporated by reference.

214. Upon information and belief, at the time the Defendants purchased Fortress securities as set forth above, they were in possession of material, nonpublic information about the confidential discussions surrounding SoftBank's impending acquisition of Fortress. The Defendants (a) knew, recklessly disregarded, or should have known that their trading was in breach of a fiduciary duty or similar duty of trust and confidence owed to the shareholders of Fortress, or to the source from whom they received the material, nonpublic information; and/or (b) knew, recklessly disregarded, or should have known that the material, nonpublic information concerning the impending acquisition had been communicated to them was disclosed or misappropriated in breach of a fiduciary duty or similar duty of trust and confidence.

215. Upon information and belief, any and all material nonpublic information that the Defendants received concerning Fortress as set forth above, was disclosed in exchange for a personal benefit that benefited the communicator of such information.

216. By engaging in the conduct described above, Defendants knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- (a) employed devices, schemes or artifices to defraud; and
- (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

217. By engaging in the foregoing conduct, the Defendants, directly or indirectly, violated, and unless enjoined, will again violate, Section 10(b) of the

Exchange Act [15 U.S.C § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court enter a final judgment:

**I.**

Permanently restraining and enjoining Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the injunction by personal service of otherwise, and each of them, from, directly or indirectly, violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

**II.**

Ordering Defendant to disgorge all ill-gotten gains or unjust enrichment derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

**III.**

Ordering Defendant to pay a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u-1]; and

**IV.**

Granting such other and further relief as this Court may deem just, equitable, or necessary in connection with the enforcement of the federal securities laws and for the protection of investors.

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: April 28, 2017

Respectfully submitted,

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